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AN ACT

RELATING TO PRODUCED WATER; ALLOWING FOR THE DISPOSITION OF
PRODUCED WATER WITHOUT STATE ENGINEER APPROVAL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. DISPOSITION OF PRODUCED WATER--NO PERMIT
REQUIRED.--No permit shall be required from the state
engineer for the disposition of produced water in accordance
with rules promulgated pursuant to Section 70-2-12 NMSA 1978
by the oil conservation division of the energy, minerals and
natural resources department.

Section 2. Section 70-2-12 NMSA 1978 (being Laws 1978,
Chapter 71, Section 1, as amended) is amended to read:

"70-2-12. ENUMERATION OF POWERS.--

A. Included in the power given to the oil
conservation division of the energy, minerals and natural
resources department is the authority to collect data; to
make investigations and inspections; to examine properties,
leases, papers, books and records; to examine, check, test
and gauge oil and gas wells, tanks, plants, refineries and
all means and modes of transportation and equipment; to hold
hearings; to provide for the keeping of records and the
making of reports and for the checking of the accuracy of the
records and reports; to limit and prorate production of crude
petroleum oil or natural gas or both as provided in the Oil

1 and Gas Act; and to require either generally or in particular
2 areas certificates of clearance or tenders in connection with
3 the transportation of crude petroleum oil or natural gas or
4 any products of either or both oil and products or both
5 natural gas and products.

6 B. Apart from any authority, express or implied,
7 elsewhere given to or existing in the oil conservation
8 division by virtue of the Oil and Gas Act or the statutes of
9 this state, the division is authorized to make rules,
10 regulations and orders for the purposes and with respect to
11 the subject matter stated in this subsection:

12 (1) to require dry or abandoned wells to be
13 plugged in a way to confine the crude petroleum oil, natural
14 gas or water in the strata in which it is found and to
15 prevent it from escaping into other strata; the division
16 shall require a cash or surety bond in a sum not to exceed
17 fifty thousand dollars (\$50,000) conditioned for the
18 performance of such regulations;

19 (2) to prevent crude petroleum oil, natural
20 gas or water from escaping from strata in which it is found
21 into other strata;

22 (3) to require reports showing locations of
23 all oil or gas wells and for the filing of logs and drilling
24 records or reports;

25 (4) to prevent the drowning by water of any

1 stratum or part thereof capable of producing oil or gas or
2 both oil and gas in paying quantities and to prevent the
3 premature and irregular encroachment of water or any other
4 kind of water encroachment that reduces or tends to reduce
5 the total ultimate recovery of crude petroleum oil or gas or
6 both oil and gas from any pool;

7 (5) to prevent fires;

8 (6) to prevent "blow-ups" and "caving" in
9 the sense that the conditions indicated by such terms are
10 generally understood in the oil and gas business;

11 (7) to require wells to be drilled, operated
12 and produced in such manner as to prevent injury to
13 neighboring leases or properties;

14 (8) to identify the ownership of oil or gas
15 producing leases, properties, wells, tanks, refineries,
16 pipelines, plants, structures and all transportation
17 equipment and facilities;

18 (9) to require the operation of wells with
19 efficient gas-oil ratios and to fix such ratios;

20 (10) to fix the spacing of wells;

21 (11) to determine whether a particular well
22 or pool is a gas or oil well or a gas or oil pool, as the
23 case may be, and from time to time to classify and reclassify
24 wells and pools accordingly;

25 (12) to determine the limits of any pool

1 producing crude petroleum oil or natural gas or both and from
2 time to time redetermine the limits;

3 (13) to regulate the methods and devices
4 employed for storage in this state of oil or natural gas or
5 any product of either, including subsurface storage;

6 (14) to permit the injection of natural gas
7 or of any other substance into any pool in this state for the
8 purpose of repressuring, cycling, pressure maintenance,
9 secondary or any other enhanced recovery operations;

10 (15) to regulate the disposition of water
11 produced or used in connection with the drilling for or
12 producing of oil or gas or both and to direct surface or
13 subsurface disposal of the water, including disposition by
14 use in drilling for or production of oil or gas, in road
15 construction or maintenance or other construction, in the
16 generation of electricity or in other industrial processes,
17 in a manner that will afford reasonable protection against
18 contamination of fresh water supplies designated by the state
19 engineer;

20 (16) to determine the limits of any area
21 containing commercial potash deposits and from time to time
22 redetermine the limits;

23 (17) to regulate and, where necessary,
24 prohibit drilling or producing operations for oil or gas
25 within any area containing commercial deposits of potash

1 where the operations would have the effect unduly to reduce
2 the total quantity of the commercial deposits of potash that
3 may reasonably be recovered in commercial quantities or where
4 the operations would interfere unduly with the orderly
5 commercial development of the potash deposits;

6 (18) to spend the oil and gas reclamation
7 fund and do all acts necessary and proper to plug dry and
8 abandoned oil and gas wells and to restore and remediate
9 abandoned well sites and associated production facilities in
10 accordance with the provisions of the Oil and Gas Act, the
11 rules and regulations adopted under that act and the
12 Procurement Code, including disposing of salvageable
13 equipment and material removed from oil and gas wells being
14 plugged by the state;

15 (19) to make well price category
16 determinations pursuant to the provisions of the federal
17 Natural Gas Policy Act of 1978 or any successor act and, by
18 regulation, to adopt fees for such determinations, which fees
19 shall not exceed twenty-five dollars (\$25.00) per filing.
20 Such fees shall be credited to the account of the oil
21 conservation division by the state treasurer and may be
22 expended as authorized by the legislature;

23 (20) to regulate the construction and
24 operation of oil treating plants and to require the posting
25 of bonds for the reclamation of treating plant sites after

1 cessation of operations;

2 (21) to regulate the disposition of
3 nondomestic wastes resulting from the exploration,
4 development, production or storage of crude oil or natural
5 gas to protect public health and the environment; and

6 (22) to regulate the disposition of
7 nondomestic wastes resulting from the oil field service
8 industry, the transportation of crude oil or natural gas, the
9 treatment of natural gas or the refinement of crude oil to
10 protect public health and the environment, including
11 administering the Water Quality Act as provided in Subsection
12 E of Section 74-6-4 NMSA 1978."

13 Section 3. Section 70-2-33 NMSA 1978 (being Laws 1935,
14 Chapter 72, Section 24, as amended) is amended to read:

15 "70-2-33. DEFINITIONS.--As used in the Oil and Gas Act:

16 A. "person" means:

17 (1) any individual, estate, trust, receiver,
18 cooperative association, club, corporation, company, firm,
19 partnership, joint venture, syndicate or other entity; or

20 (2) the United States or any agency or
21 instrumentality thereof or the state or any political
22 subdivision thereof;

23 B. "pool" means an underground reservoir
24 containing a common accumulation of crude petroleum oil or
25 natural gas or both. Each zone of a general structure, which

1 zone is completely separate from any other zone in the
2 structure, is covered by the word pool as used in the Oil and
3 Gas Act. Pool is synonymous with "common source of supply"
4 and with "common reservoir";

5 C. "field" means the general area that is
6 underlaid or appears to be underlaid by at least one pool and
7 also includes the underground reservoir or reservoirs
8 containing the crude petroleum oil or natural gas or both.
9 The words field and pool mean the same thing when only one
10 underground reservoir is involved; however, field, unlike
11 pool, may relate to two or more pools;

12 D. "product" means any commodity or thing made or
13 manufactured from crude petroleum oil or natural gas and all
14 derivatives of crude petroleum oil or natural gas, including
15 refined crude oil, crude tops, topped crude, processed crude
16 petroleum, residue from crude petroleum, cracking stock,
17 uncracked fuel oil, treated crude oil, fuel oil, residuum,
18 gas oil, naphtha, distillate, gasoline, kerosene, benzine,
19 wash oil, waste oil, lubricating oil and blends or mixtures
20 of crude petroleum oil or natural gas or any derivative
21 thereof;

22 E. "owner" means the person who has the right to
23 drill into and to produce from any pool and to appropriate
24 the production either for himself or for himself and another;

25 F. "producer" means the owner of a well capable of

1 producing oil or natural gas or both in paying quantities;

2 G. "gas transportation facility" means a pipeline
3 in operation serving gas wells for the transportation of
4 natural gas or some other device or equipment in like
5 operation whereby natural gas produced from gas wells
6 connected therewith can be transported or used for
7 consumption;

8 H. "correlative rights" means the opportunity
9 afforded, so far as it is practicable to do so, to the owner
10 of each property in a pool to produce without waste his just
11 and equitable share of the oil or gas or both in the pool,
12 being an amount, so far as can be practicably determined and
13 so far as can be practicably obtained without waste,
14 substantially in the proportion that the quantity of
15 recoverable oil or gas or both under the property bears to
16 the total recoverable oil or gas or both in the pool and, for
17 such purpose, to use his just and equitable share of the
18 reservoir energy;

19 I. "potash" means the naturally occurring bedded
20 deposits of the salts of the element potassium;

21 J. "casinghead gas" means any gas or vapor or both
22 indigenous to an oil stratum and produced from such stratum
23 with oil, including any residue gas remaining after the
24 processing of casinghead gas to remove its liquid components;
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K. "produced water" means water that is an
incidental byproduct from drilling for or the production of
oil and gas."
